

Q&A AT RESURS'S CAPITAL MARKET DAY ON 29 SEPTEMBER 2021

IT investment and change to new, ultramodern core banking system

1. Many companies have announced that they are changing systems and that the new IT systems will solve all their problems. Often, these changes cost more money and take more time than planned. Can you elaborate on how you can be sure that this project will succeed and have the result you're hoping for?

Answer: First and foremost, the preparations, specification of requirements and planning for this project have been under way for about a year and a half now. A number of newly recruited experts have been assigned to the project and Resurs's employees have experience of migrating systems and changing processes from previous acquisitions, and we will do so successfully again this time, country by country, to make the change as smooth as possible. We have also chosen a fintech provider – Intellect Design Arena, with some 5,000 employees and operations in more than 20 countries – that has extensive experience of banking operations and core banking systems. Moreover, we have secured our existing IT structure and outsourced part of our operations and maintenance to ensure we are able to devote our full focus to both our existing operations and our project work.

2. IT is a bottleneck in many tech companies and now you are going to change the core of your operations – namely your banking system. Won't the operating activities suffer? Will you really be able to further develop your products and services during this period?

Answer: Our operations will not stand still throughout the duration of the project. Our development activities will continue during this period. This development work will also provide important input for the specification of requirements for the new system.

3. Why is the core banking system being changed now and not five years ago?

Answer: The preparations and specification of requirements for the new core banking system began nearly two years ago. This work has intensified over the past year as systems and providers were evaluated, and Resurs is now ready to take the next step. The demands and expectations from customers and partners for user-friendly and customer-adapted services and products are high, and the market and competitive landscape have changed in recent years. The new platform will provide us with strength and the opportunity to accelerate our processes for innovation, product development and go-to-market, aspects that we see that customers and partners of today and tomorrow both request and demand. By applying modern cloud-based technology and through close collaboration with Intellect, we can more rapidly meet the Nordic market's consumers and retailers with payment and financing solutions that are at the forefront of the industry, with the ultimate goal of providing a fantastic customer experience in real time, for example, in subscription solutions and other circular financing solutions that we see are becoming all the more important.

4. What are the main challenges that will be involved in changing banking systems? What risks are involved in moving to the cloud?

Answer: Changing banking systems is a major project that involves numerous employees. At the same time, the existing operations must constantly continue to be developed. We are well aware of the enormity of the task at hand, and it is important that our operations do not lose momentum and that our customers feel secure throughout this transformation journey. Resurs's employees have experience of migrating systems and changing processes from previous acquisitions, and we will do so successfully again this time, country by country, to make the change as smooth as possible. Our assessment of the situation is essentially the same regardless of the fact that the system is cloud-based.

5. Which provider have you chosen for the new core banking system?

Answer: Resurs Bank is investing in a new, entirely cloud-based banking platform that creates the prerequisites to provide customers and partners with state-of-the-art services, interfaces and products. The global fintech company Intellect Design Arena, one of the world's leading suppliers of financial platforms, will be supplying the new platform. Resurs's investment in this IT transformation amounts to about SEK 500 million, part of which consists of Intellect's cloud-based solution.

6. You currently have multiple systems. Why have you not already integrated your current systems into one and why can the existing systems not be further developed?

Answer: After previous acquisitions, Resurs has integrated and migrated the systems that were suitable for migration, and the two remaining systems will be replaced in this project. Our main banking system is starting to get old, and requires maintenance and a lot of manual work. The ongoing project will ensure we have a flexible and more automated system that supports our operations in a much better and more efficient manner.

7. This major transformation and digitisation journey is really exciting, but many of your competitors were born digital. Is it possible to close the gap, to catch up and to eventually pass them?

ANSWER: This transformation and digitisation journey is necessary for our operations and to create a future organisation that is fast, agile and flexible. The implementation of the new core banking system will give us opportunities to further improve and automate processes as well as making us faster and providing us with the best customer interface, which will ensure that Resurs remains competitive.

8. You have a lot of employees compared with your competitors. How will the number of employees be impacted when the new platform is in place? How many new IT personnel will you need to hire?

Answer: Starting just over a year ago, Resurs's organisational structure has been changed to create a more efficient and agile organisation for the entire Nordic operations. Part of this change process also involved the cost-saving project carried out in autumn 2020, which included a reduction in the number of positions. The organisation will continue to change and development through an exchange of competence and the continued adaptation of the organisational structure.

9. How will the core banking system impact the income statement? How much will be expensed directly and how long is the amortisation period for the portion that will be capitalised?

ANSWER: We expect the majority to be capitalised in the balance sheet and only smaller portions that cannot be capitalised will be recognised directly in profit. A definitive amortisation period has not been determined, but has been estimated at approximately 10-15 years. As we wrote in the press release, the project will generate positive net effects, both in the form of cost savings and in terms of increased/new revenue, when the project is completed, which is expected to take roughly three years, so reasonably from late 2024/early 2025.

Resurs's operational development, competitors and growth

1. Growth in lending has been stagnant in recent years. Why will this change now and how will you boost growth?

Answer: As explained in the CEO's presentation, growth has not been stagnant in our markets. Sweden and Finland have experienced highly favourable growth, but we have faced problems and declined in Norway, which we are working to change.

2. As mentioned, your operations have declined in Norway – is Norway still an attractive market for you? How will you generate growth there?

Answer: The Norwegian market has deteriorated during the pandemic, and Resurs's lending has decreased in recent years. We need to improve our new sales and customer loyalty so that our customers don't terminate their loans in advance. We are already seeing positive signals, and we are making good progress.

3. You have abandoned your margin target, and margins are continuing to decline. When will this trend be reversed and what will it take to make this happen?

Answer: The Board has established new financial targets, and we believe it is much better to look at total profit growth since this creates greater shareholder value rather than focusing on margins. Both growth and margins contribute to net profit so all aspects are important to focus on going forward.

4. What are you doing to ensure a skilled workforce, promote change management and bring the entire organisation along on the journey in a red-hot market where many organisations are focusing on digitisation?

Answer: We are building a bank with the bank, and this involves not only a change in terms of customers and technology but also a change of mindset among all of our employees. We have commissioned external assistance from Gullers Grupp to carry out this internal transformation and, over the past year, have held some 150-200 workshops with our employees to develop a corporate culture that will help us to achieve our goals and ensure we have the competence we need in the future.

5. Competitors to Resurs Bank have expanded into other countries such as Germany and subsequently achieved success. What are Resurs's plans when it comes to expanding beyond the Nordic region?

Answer: Resurs continuously reviews its possibilities for expansion in various forms, with geographic expansion representing one way of growing. We currently have a Nordic focus but are not ruling out any opportunities to grow if we can do so in a controlled and responsible manner, although expansion is not currently our top priority. As Nils mentioned at the Capital Market Day, we have also assessed the possibility of acquisitions as the market consolidates, but so far have chosen not to carry out any acquisitions since we did not believe this would add much value to our operations.

6. What is your view of your competitors in quick credit and repayment services?

Answer: We do not comment on our competitors' operations or business models. Responsible credit lending is important. It is important that loans and credits are granted based on repayment capacity and that these assessments are carried out quickly and efficiently without compromising on quality. One of the objectives of our transformation journey and investment in a new core banking system is that Resurs needs to become quicker at developing innovative products with the best customer interface and with a much higher degree of automation.

7. What are the biggest threats you see from competitors in the market?

Answer: The biggest threats come from ourselves not our competitors. How can we become faster, more efficient, more innovative, a stronger driving force? We must always ensure that we are quick and competitive, that we follow our partners and support them and maybe even help them to drive their development forward together with us.

8. You have an annual profit growth target of at least 10%. Is this not a defensive target given that you have declined so much in connection with the pandemic?

Answer: Our profit growth target applies not only for next year, but also for several years ahead. We therefore see it as a long-term target, with the aim being to increase our profit every year.

9. Between 2017 and 2019, Resurs Bank had its strongest years in terms of earnings per share. What did Resurs do right during that period, and what needs to be done to get back to this level of performance?

Answer: In the years before the pandemic, the markets grew in all Nordic countries at the same time as Resurs's new lending delivered even stronger growth and our market share in several countries was strengthened. The average loan was larger, for example, which contributed to higher growth with lower credit risk. Based on experience from previous financial crises, Resurs chose to introduce austerity measures in its credit lending early on in the pandemic to minimise its potential credit losses. Naturally, these austerity measures impacted our new lending, and we have eased them in a controlled manner during the year. Going forward, the customer experience will be central for Resurs – being truly close to our customers and partners, and being at the forefront and driving development forward together with our partners. Improving people's perception of us as a fast, modern bank with the best customer interface!

10. Stabilising our margins and keeping strict control of our costs in order to reduce our cost/income ratio and achieve 10% profit growth per share sounds a lot like what you have said in the past. What's new about your strategy? Do you not believe that the trend of higher loan amounts and strong growth among online retailers will continue?

Answer: By establishing an overall target for earnings growth, we can work with the entire income statement in a more flexible manner in order to improve our earnings. The previous targets for growth in lending and the NBI margin were somewhat contradictory.

11. When is it intended that shareholders will receive a dividend of SEK 3? When will the notice of the Extraordinary General Meeting be issued?

Answer: The Board of Directors will convene an Extraordinary General Meeting in the fourth quarter, during which the shareholders will have the opportunity to resolve on a dividend. Payment will take place around the time of the Extraordinary General Meeting.

Resurs's business partners and customers

1. It is well known that you have a strong position in physical stores, while your position in e-commerce is not as strong. You recently signed an agreement with Ving and its fellow subsidiaries in the travel industry. Why did they choose you?

Answer: We are good at generating sales and loyalty regardless of sales channel and help numerous major players with both in-store and online solutions. Our experience is that they chose us after an extensive, thorough procurement process where they looked at all the alternatives and checked references. We were regarded as being genuinely interested in a partnership and not just being a provider. When a company chooses us as a partner, their usual reaction is that we help them increase their sales and profit.

2. What sets Resurs's e-commerce solution apart from other players in the market? What makes you unique?

Answer: We focus on offering the best possible omni experience, which gives our partners and their customers the best experience regardless of sales channel. This means that they can enjoy all the benefits of having Resurs as a partner in both their offline and online stores. For example, they have the possibility to customise an industry-specific set-up and to use white label solutions.

3. Why do you want more large partners when they offer smaller margins. What are you going to do to reverse the margin trend?

Answer: As we now announce our new financial targets, we are devoting greater focus to the bottom line and large volumes are also important, even if this means somewhat lower margins on certain partnerships. We believe strongly in a mix of large and small partners, since they all add customers to our customer base and our strong business model.

4. You have presented Resurs's new customers. How common is it that you lose major customers and why?

Answer: Resurs has long-standing partnerships with many of its partners. In the past, it has been very rare that we have lost major customers, and our partnerships have been developed jointly over time. Being at the forefront with innovative and flexible solutions and, not least, world-class customer interfaces, particularly in e-commerce, is crucial in this regard, and this is an area where we are now further developing and strengthening our capabilities.

5. Has Resurs been forced to compete for new customers on price and to lower its prices for existing customers because Resurs is not competitive. Is this the reason for your declining profitability?

Answer: Resurs has a competitive offering that is continuously being developed and enhanced. The declining profitability and lower margins in Payment Solutions is mainly attributable to mix effects, with the share of large partners with lower margins having grown more than the share of smaller partners. Fee & commission income in Credit Cards has also declined during the pandemic. In Consumer Loans, we have become more competitive since the loan brokers channel has increased in relation to our own channels, which has resulted in a lower average interest rate.

6. I have heard rumours that Biltema is in the process of choosing another provider. Can you comment on these rumours?

Answer: For business reasons, we do not comment on rumours.

7. Normally, you can only choose one company when shopping online. It would be good to be able to choose your favourite and pool all of your purchases with one company. Will this be possible in the future so that end customers/borrowers have more free choice?

Answer: We agree that the customer experience is important, and which solutions will be offered will depend on the requirements and wishes of our customers and partners. However, our collaboration with our partners is about much more than simply acting as a payment intermediary. We see it more as a partnership where, together with our partners, we are able to offer various forms of loyalty programmes and customer marketing activities.

Resurs Bank Norway

1. Why has Norway declined, and are you seeing any tangible positive results of the turnaround initiatives in Norway?

Answer: As we wrote in our interim report for the second quarter, we are seeing positive tendencies in Norway. Lending volumes in the Norwegian market have fallen overall since the introduction of new legislation in the country in 2019. In 2021, we shrank less than the market as a whole in consumer loans – the largest product we offer in Norway.

We continued to report growth in new lending in the second quarter, although we can still see that customers are ending their loans in advance. To manage this, we are working in a variety of ways to improve the customer journey. For example, we launched Resurs Bank's app in Norway at the end of the second quarter.

2. Have other players experienced problems similar to those Resurs is facing in Norway? How are you going to reverse the trend in Norway?

Answer: The entire Norwegian market has been weaker since the introduction of the Gjeldsregisteret debt information service and the effects of the pandemic, and several players have experienced a decline in lending. The market has continued to shrink in 2021, but we have seen improvements and Resurs did not decline as much as the market.

3. How do you think the margins will be affected if you aim to grow in Norway?

Answer: For business reasons, we do not publish our margins in our various markets.

4. How does Resurs plan to increase its new sales and loyalty in Norway?

Answer: We are working on several initiatives to increase our new sales in Norway and to create better conditions for a high share of returning customers. Part of these efforts involves our important work with our Partner Success Program, where we use training videos, webinars and other educational material to promote a higher rate of activity in our partnerships, which results in increased volumes.

In our loan operations, we are also focusing on increasing volumes through our internal channels and our internal customers in our database. We plan to add channels in Norway, but will also continue working to optimise our flows in order to increase our conversion rates. This will provide us with a more diversified channel strategy, which will create even better conditions for long-term, profitable growth.

5. Is there an ambition to add products such as transaction accounts with payment options and/or third-party mortgages? This would make Resurs a more comprehensive finance company, or be a step towards becoming a neobank.

Answer: We continuously review our product offering and are now launching "priority loans" in Norway, a form of loan that uses the customer's home as collateral. We do not currently have any plans to offer transaction accounts.

Customer interface, digital sales and Resurs Bank App

1. You have made major advances with your app, but its functionality is still rather simple. It seems like Resurs is far behind compared with competitors who have included a marketplace, for example. Many of your competitors also use PSD2 to increase the frequency of app use. What can we expect going forward?

Answer: We have launched a new platform and now have full coverage in the Nordic region. We haven't finished yet and see numerous opportunities to develop the app further and improve the experience for our customers:

- a) We are looking at PSD2/open banking functionality to strengthen the functionality of payments for customer purchases, loan invoices, etc. and also as part of digitising our payment notices.
 - b) We've launched Apple and Google Pay, with a fantastic response from both private customers and business partners. We can see the potential in developing several services linked to this, such as giving customers an overview of their finances and the cost categories of their purchases.
 - c) We are also working on enhancing the shopping experience for customers of online retailers by integrating information about deliveries and returns.
2. Is your e-commerce solution really competitive compared with competitors' solutions. If not, when will it be?

Answer: All solutions are different and are not fully comparable. Our e-commerce offering is competitive and is already attracting partners today, both large and small, from a wide variety of industries. However, there are a lot of exciting elements that can still be developed. We are pursuing this based on all our know-how and experience from retail, and the expectations and requirements we identify in talks with existing and potential partners, and are not just copying other solutions. We believe that by doing this we can generate the best results for both Resurs and our partners.

3. Digitising payment notices is great, but shouldn't this be a given in 2021 and really just a step in catching up with competitors rather than offering a competitive advantage?

Answer: We believe that digitisation and automation are necessary to be competitive and to interact with customers in the way that they want. So this also involves the customer interface, which is where Resurs is at the very forefront.

4. What have your Finnish and Danish customers said about not having an app in these countries before today?

Answer: An app has long been in demand, and we are happy that we can now offer this in all countries.

5. How is Resurs driving traffic to its website?

Answer: We are working on a broad front to drive traffic to the website. For example, we have successfully worked on strengthening our organic visibility in search engines and on ensuring that paid marketing in various channels drives traffic. In our customer communication, we are also actively referring existing customers to our "My pages" (or the app) for matters that customers can administer and manage themselves. Our project of digitising our payment notices also means that customers naturally visit our digital platforms every month.

Resurs's business lines

B2B

1. You previously focused on B2B but it hasn't quite taken off – what will make you successful this time?

Answer: Our focus on this area is far greater now. B2B is strategically important to us, which is why we have built up a larger organisation with a more and better skills than before. We have a new system that we can roll out in all Nordic countries and that is scalable. In addition, we have new partner agreements with both brokers and other companies, and new digital and personal sales.

2. What are the margins and profitability in B2B?

Answer: Technology is driving scalability, not personnel, and we have new system support that will benefit both our customers and Resurs. This will give us better margins, for example on our subscription services, and easier flow management. Technology gives us scope to add and develop even more services with a variety of benefits and margins, and allows us to add and connect with other systems and company solutions, improves our digital management internally and externally, and enables more self-service driven by automated flows. We see rising margins in B2B, especially in factoring. Price is not the primary tool for doing business, rather we have to keep our margins at a good level.

3. What is B2B's share of lending?

Answer: B2B currently accounts for a small share of Resurs's operations, and makes up about 1% of the loan portfolio.

4. Which segments are you focusing on in B2B? How large are the customers?

Answer: The main focus of B2B is on the SME segment (small and mid-sized corporate customers).

5. How do you handle credit scoring in B2B?

Answer: Credit lending in B2B is generally slightly more complex than on the consumer side. And we also have slightly different processes for factoring and SME loans. We generally use standardised regulations based on the size of the company and its financial situation/history and external scoring, as well as elements of manual assessment/valuations.

Consumer Loans

1. There has been a lot of attention in the industry about banks' marketing in recent days. What is your view of this?

Answer: As a responsible player in consumer loans and payment solutions, we follow the Swedish Marketing Act in our customer communication. This means, for example, that in our marketing we target customers who already have commitments with us, such as those who have chosen to enter into credit agreements by making instalment purchases with one of our partners.

The procedure for the people who have chosen to shop online and pay by invoice with one of our partners is that unless these people have other commitments with us they are not included in the selection for marketing of loans, such as Resurs Bank's consumer loans or credit cards.

2. You have had pressed margin in consumer loans for a long time. Is this the result of greater use of loan brokers? What can you do to reduce the dependency on brokers?

Answer: Yes, partly. Loan brokers are an important part of our market that impacts our margins to a certain extent. At the same time, it is important to have a good mix when it comes to our internal channels, and in many cases we already have experience of customer payment patterns in our database, which means that we can apply responsible and risk-based pricing for loan-broker customers as well.

3. What is your view of the position of loan brokers in the market – will they be stronger if they are consolidated?

Answer: Loan brokers are a good supplementary channel. Even if we gain a customer via a loan broker, we may have information about the customer and their payment history in our database. About 80% of all customers that Resurs grants loans to are already in our database, which means that we can give a better price in relation to their level of risk since we know the customer's payment behaviour and history.

4. What is the percentage of consumer loans gained via loan brokers?

Answer: The percentage of consumer loans via loan brokers varies between the different Nordic countries, but an average of about 50% are brokered.

5. What percentage of credit scoring in consumer loans is fully automated and what percentage requires manual processing?

Answer: It varies between our market and we do not provide any specific information about the percentages for each market. But I can say that for all markets the vast majority of applications is handled automatically.

6. Other finance companies have enjoyed significantly better credit growth than Resurs. Was it a mistake to stop consumer credits at the start of the pandemic?

Answer: Resurs has existed for 40 years and has experienced several previous economic crises over these years. Every crisis is different, but we know how important it is to be conservative early on at the start of economic crises since uncertainty about unemployment and future repayment capacity is high. The start of the pandemic was no different, but governments took action early on and were far more forceful in introducing support measures than in previous crises, which quickly reduced any economic uncertainty.

Credit Cards

1. Which part of credit cards generates the highest income for Resurs? Fees or unpaid balances and instalment payments?

Answer: That depends – during the pandemic both card purchases and fees for travel and buying foreign currency decreased sharply, which means that this varies over time.

2. Are you going to launch any new cards?

Answer: New cards will be launched successively in conjunction with new subscriptions or when customers change cards.

Sustainability

1. In what way is it good business to be more responsible and more sustainable? How does it strengthen growth and profitability?

Answer: We are convinced that this goes hand in hand, and you have heard some specific examples, such as partnerships and product development in this area. We also believe that we can strengthen and give our customers even better tools and knowledge that will help us create an even better relationship, and not just based on price. A concrete example is that we can see in recent surveys that customers who believe that they have had a positive experience with regard to the parameters related to responsible and sustainable credit lending, such as clarity, simplicity, transparency, etc, are and become better customers. This means that they are more satisfied with their loans and credits, have halved ratios, such as reminder fees, and feel less stress. This is completely in line with our ambitions moving forward and the measures that we are planning for.

2. Is it sustainable to lend money for consumption?

Answer: Yes and no. Of course it is positive that a large share of loans and credits goes to future investments for an individual and families, but naturally there is also consumption that is not as sustainable depending on what the individual decides to buy or invest in. There is great individual responsibility for how you borrow, save, invest and consume, and as a lender it not possible for us to decide what our customers do with their loans but we want to encourage and inspire customers to make sustainable choices in every way possible.

3. Which KPIs linked to sustainability are the most important, and how can we follow this in the future?

Answer: These targets are both long term and relatively short term, so it is all about how we communicate with our stakeholders and involve them in our progress. In practice, this involves a combination of reporting through interim reports, annual reports and sustainability reports as well as talks with stakeholders focusing on presenting concrete results.

4. Is it possible to link financing with green/sustainable loans?

Answer: Resurs already does this. An example that was announced in the summer was Resurs Bank's favourable consumer loans through a new partnership with the mortgage institution Hemma, a platform for the transition to sustainable homes. The partnership will make it easy and advantageous to invest in climate-smart homes and is an additional step in Resurs's strategy of offering sustainable credit solutions. With this partnership, Hemma's customers have the opportunity to invest in climate-smart solutions at a favourable price, with the condition that the loan is used for sustainable energy investments in the home. We need to see more of this type of loan offering in the industry, and it is a clear step in the right direction towards even more business-driven sustainability efforts.

5. Competitors are talking about increasing invoice due dates from 15 to 30 days. What's your view of this? Can you also do this to take more responsibility?

Answer: We have worked for decades on credit periods of 30-60 days, so it is fantastic that our competitors are coming closer to the credit periods that we already apply.

6. What regulatory challenges do you see in the future? Will they limit growth?

Answer: There is always a risk with restrictions, but if they are handled correctly they could actually enable growth. We believe that we will see greater involvement from the authorities on consumer protection, which is something that we and the industry welcome. For example,

Finland will introduce a debt register similar to the one in Norway, which has helped reduce over-indebtedness in society. We hope that Sweden, which is our largest market, will follow suit.

7. How do you credit score your customers? Can you provide any more details about how the process works? What do you analyse?

Answer: Scoring is based on empirical data, meaning data/variables that have proven to be significant for how credit risk develops for a loan and these are weighed together in our score models. The data/variables that are significant for credit risk differ for both different products and our different markets.

8. You are dissolving the extra credit provision of SEK 75 million in the third quarter. Is this to be taken as a sign that Resurs is now putting the pandemic behind and resuming less restrictive assessments?

Answer: Our and the Board's opinion now is that the uncertainty caused by the pandemic has declined considerably. We already eased our restrictive assessments earlier in the year in a controlled and responsible manner, and are continuously reviewing our credit assessments.

9. Is the expected credit loss ratio still at 2-3% in the long term, or is it lower given the higher average loan amount and lower risk in new lending? Will the risk in new lending increase again once we have put the pandemic behind us?

Answer: Credit risks vary between products, and in accordance with our new financial target, we intend to balance earnings and risk. Our historical interval is a good reflection of this strategy.

10. What percentage of credit applications is rejected? How does Consumer Loans differ from Retail Finance?

Answer: We do not communicate any information about the percentage of rejections or approvals. What we can say is that the percentage of rejections is significantly higher for Consumer Loans than for Retail Finance, which is also natural since a consumer loan often has a significantly higher credit amount, which means that the customer needs to have greater financial capacity to make repayments (and the assessment of repayment capacity is central).

Solid

1. Aren't Resurs and Solid quite inter-dependent? Is it not an advantage to have both banking and insurance under one roof?

Answer: Yes, to a certain extent. Resurs and Solid have important shared business and Resurs is an important partner for Solid. This will still be the case going forward and we will continue to develop our shared business. Even though there is of course no disadvantage to having both companies in the same Group, we see benefits of both Resurs and Solid standing on their own two feet with maximum focus on their individual operations.

2. Non-life insurance is an industry in which mergers usually entail a high degree of synergies, so why is the listing the central part of separating Solid and Resurs?

Answer: In recent years, Solid Försäkring has evolved into a competitive and stable non-life insurance company with a diverse Nordic niche insurance profile. But at the same time, Solid is not receiving the attention or focus warranted by Solid Försäkring's position and future potential, and the value of the company is not fully reflected in the Resurs share price.

Dividing the Resurs Group and distributing and listing the shares in Solid presents the possibility to generate significant value for shareholders over time and will enable both companies to individually focus on their future development and opportunities for creating profitable growth. A separate listing provides greater opportunities for higher organic growth and supplementary acquisitions, and also allows current shareholders and new investors to invest directly in Solid Försäkring.

3. Will conversion for insurance in the Product segment decline as retail goes more online? Will a large share of penetration in retail come from sellers who receive commission?

Answer: We expect a marginal decline in the Product segment driven by online migration in home electronics.

4. In which segment do you see potential for mergers and acquisitions?

Answer: We see potential in all segments.

5. What is Solid Försäkring's share of the Resurs Holding Group's earnings?

ANSWER: In 2020, Solid Försäkring represented just under 10% of the Group's profit before tax.

6. Solid has quite a high expense ratio compared with the sector. Do you see any potential in reducing this in the future and what would you have to do?

Answer: The expense ratio comprises costs and operating expenses. Solid currently has a combined ratio of about 88%, which we believe is a good level for remaining competitive in the market.

Other questions

1. You expect capital requirements to increase in the future, but is there any reason to believe that capital requirements will not be raised?

ANSWER: At the moment, we believe that it is highly likely that the expected higher capital requirements for the countercyclical capital buffer, Pillar 2 guidance and the Norwegian systemic risk buffer will be carried out. The regulatory authorities in Sweden, Norway and Denmark have all communicated that the countercyclical capital buffer will be gradually reintroduced from 2022, and we believe that the requirements will be at the same level as before the pandemic in about two years. Pillar 2 guidance is expected to be adopted by the Swedish Financial Supervisory Authority in connection with the Supervisory Review and Evaluation Process and determined individually for each institution. The Financial Supervisory Authority has announced that on average Swedish institutions will be subject to higher requirements of about 1-1.5%, but the exact impact for Resurs is not yet known. Resurs is also expected to be subject to increased capital requirements from the bank's exposure in Norway. The European Systemic Risk Board (ESRB) has recommended that all EEA countries reciprocate the Norwegian systemic risk buffer within 18 months of April 2021, and although the Swedish Financial Supervisory Authority is waiting to take a standpoint on reciprocating the Norwegian systemic risk buffer, our assessment is that this will take place within the specified period.

2. Why don't you include these nice, illustrative graphs as transparently in your quarterly reports?

Answer: We will! Our aim is to be both more transparent and clear going forward, and the Capital Market Day can be seen as the starting point for this. Our transformation journey has only just started and we are well on course!